

Message Text

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PAGE 01 STATE 048044

44

ORIGIN OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 /023 R

DRAFTED BY OPIC/DVP/ID:AMKRAMISH:TLF

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OPIC/NEA/ID:DTRBOVICH

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EA/K:PMAYHEW

----- 056799

R 271926Z PEB 76

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

INFO AMEMBASSY BANGKOK

UNCLAS STATE 048044

PASS TO NIELSON, OPIC, C/O SKPC

E.O. 11652:N/A

TAGS: EINV

SUBJECT: NION OIL: OPIC

1. OPIC BOARD WILL BE REQUESTED TO APPROVE ON MARCH 9 INSURANCE ON APP. 88 MILLION DOLLARS IN LOANS TO DOW CAUSTIC SODA PROJECT BY GROUP U.S. FINANCIAL INSTITUTIONS. SHORT-TERM EFFECT THIS COVERAGE WOULD BE TO INCREASE OPIC EXPOSURE TO APP. 14.8 PER CENT OR WELL ABOVE 10 PER CENT COUNTRY CEILING SET BY BOARD. FINANCIAL INSTITUTIONS, AS LENDERS, WILL NOT BE REQUIRED TO PARTICIPATE IN SHARING OF EXCESS OF LOSS IN HIGH EXPOSURE COUNTRIES.

2. OPIC ANXIOUS TO REDUCE EXISTING PORTFOLIO TO OFFSET NEW EXPOSURE. RETIREMENT OF SENIOR DEBT IN UNION PROJECT WOULD ASSIST GREATLY AND WOULD HAVE FAVORABLE LONG-TERM IMPACT ON KOREA AND FOREIGN ENTERPRISE. PREPAYMENT OF SENIOR DEBT IN AMOUNT OF 16.1 MILLION DOLLARS WOULD REDUCE

UNCLASSIFIED

PAGE 02 STATE 048044

LIABILITIES AND HEAVY INTEREST PAYMENTS AND, OVER TIME,
REDUCE DRAIN ON FOREIGN EXCHANGE. CONTINUED REFUSAL OF
EPB TO APPROVE SUCH PAYMENT WILL RESULT IN PAYMENT TO
UNION OF 10 MILLION DOLLARS IN INTEREST DUE ON SUBORDINATED
DEBT, A COURSE MUCH LESS BENEFICIAL TO ROK AND TO FOREIGN
ENTERPRISE.

3. REQUEST MATTER BE DISCUSSED WITH LEO NIELSON, OPIC
DEPUTY TREASURER, SCHEDULED TO ARRIVE IN SEOUL FIRST
WEEK IN MARCH, WOULD PROPOSE FRANK REVIEW ALTERNATIVES
WITH NIELSON, EPB, PLANT MANAGER WALDORF AND EMBASSY.
NEED REPLY IN WRITING FROM EPB BY MARCH 15. INGERSOLL

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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